

**ASSEMBLY BILL**

**No. 475**

**Introduced by Assembly Member Correa**

February 14, 2003

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An act to amend Section 20200 of the Government Code, relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 475, as introduced, Correa. Public employees' retirement: home loan program.

The Public Employees' Retirement Law establishes a home loan program to assist members of the retirement system in the purchase of homes. Under the program, loan terms are established pursuant to regulations set by the board. Among other restrictions, the maximum loan available is limited to 95% of the home's value.

This bill would provide the authority for the board to increase the maximum loan to 100%, subject to certain conditions and limitations.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 20200 of the Government Code is  
2 amended to read:  
3 20200. (a) Notwithstanding any other provision of law, the  
4 board may establish a program utilizing the retirement fund to  
5 assist system members, through financing, to obtain homes  
6 throughout the United States.

(b) For the purpose of this section, the term “member” means any person who is receiving, or is entitled to receive, a retirement allowance funded by this system, the Legislators’ Retirement System, the Judges’ Retirement System, or the Judges’ Retirement System II, notwithstanding any vesting requirement and without regard to present eligibility to retire.

(c) The board shall adopt regulations governing the program that shall, among other things, provide:

(1) That home loans be made available to members for the purchase of single-family dwellings, two-family dwellings, three-family dwellings, four-family dwellings, single-family cooperative apartments, and single-family condominiums.

(2) That private lending institutions throughout the United States shall originate and service its home loans pursuant to agreements entered into between those institutions and the board.

(3) That the recipients of the loans occupy the homes as their permanent residences in accord with rules and regulations established by the board.

(4) That its home loans shall be available only for the purchase or refinancing of homes throughout the United States and that under no condition shall a member have more than one outstanding loan.

(5) That the amount and length of the loans shall be pursuant to a schedule periodically established by the board that shall provide a loan-to-value ratio of: ~~(A) for the first loan, except for three-family dwellings and four-family dwellings, a maximum of 95 percent of the first loan; (B) for the first loan on three-family dwellings and four-family dwellings, a maximum of 90 percent of the first loan; and (C) for each additional loan, a maximum of 80 percent of each additional loan. The no greater than the following:~~

*(A) One hundred percent for the first loan for a single-family dwelling, single-family cooperative apartment, or single-family condominium.*

*(B) Ninety-five percent for the first loan on a two-family dwelling.*

*(C) Ninety percent for the first loan on a three-family dwelling or four-family dwelling.*

*The portion of any loan exceeding 80 percent of value shall be insured by an admitted mortgage guaranty insurer conforming to Chapter 2A (commencing with Section 12640.01) of Part 6 of*

1 Division 2 of the Insurance Code, in an amount so that the  
2 unguaranteed portion of the loan does not exceed 75 percent of the  
3 market value of the property together with improvements thereon.

4 (6) That there may be prepayment penalties assessed on its  
5 loans in accordance with rules and regulations established by the  
6 board.

7 (7) That the criteria and terms for its loans shall provide the  
8 greatest benefit to members consistent with the financial integrity  
9 of the program and the sound investment of the retirement fund.

10 (8) Any other terms and conditions as the board shall deem  
11 appropriate.

12 (d) This section shall be known as, and may be cited as, the  
13 Dave Elder Public Employees' Retirement System Member Home  
14 Loan Program Act.

